


**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: NOV 14 2008

SUBJECT: Fiscal Impact Statement: "Minnesota-Benning Phase 2
Redevelopment Disposition Approval Resolution of 2008"

REFERENCE: Draft Resolution – No Bill Number

Conclusion

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. The proposed resolution would approve the disposition of real property currently owned by the District. If the District disposes of the parcels for less than the fair market value, there would be a negative impact on the value of the total assets held by the District. However, because assets are not included in the District's budget and financial plan, a reduction in the value of District assets has no direct fiscal impact on the budget and financial plan.

Background

The proposed legislation would approve the disposition of real property in Square 5052, located at the 3900 block of Minnesota Ave, NE, near the Minnesota Avenue Metrorail Station, and adjacent to the new District Department of Employment Services headquarters. The team of Donatelli Development and Blue Skye Development plans to construct 40,000 square feet of retail space, 435 housing units, retail incubator space and community space. At least 30 percent of the residential space will be reserved as affordable; one tier for households earning less than 60 percent of the area median income and a second, more affordable tier for households earning

less than 30percent of the area median income. The developer will also execute an agreement with the Mayor requiring it to contract with Certified Business Enterprises for at least 40 percent of the contract dollar volume of the project and achieve at least 30 percent LSDBE participation.

The 2009 assessed value of the parcel is \$8,075,660. The proposed legislation states that the purchase price will be based on the fair market value of the property less any deductions in land value attributed to affordable housing requirements and retail subsidies. The final purchase price is yet to be negotiated. If the District disposes of the parcels for less than the fair market value, there would be a negative impact on the value of the total assets held by the District. However, because assets are not included in the District's budget and financial plan, a reduction in the value of District assets has no direct fiscal impact on the budget and financial plan.

Financial Plan Impact

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed legislation. The proposed resolution would approve the disposition of real property currently owned by the District. If the District disposes of the parcels for less than the fair market value, there would be a negative impact on the value of the total assets held by the District. Because assets are not included in the District's budget and financial plan, a reduction in the value of District assets has no direct fiscal impact on the budget and financial plan.